

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7412

Petition of Green Mountain Power Corporation for)
approval of the Efficiency Fund 2008 Annual Plan in re:)
Evaluation and Verification Plan)

Order entered: 12/29/2008

I. INTRODUCTION

In Docket 7213, the Public Service Board ("Board") approved a plan by Green Mountain Power Corporation ("GMP") to invest approximately \$9.3 million of windfall profits in demand-side management, renewable energy, and other efficiency programs. GMP referred to the money set aside for these purposes as the "Efficiency Fund." GMP has previously committed \$2.5 million of the Efficiency Fund to a low-income program and a transmission class program. On November 15, 2007, GMP filed its 2008 Annual Plan for a Residential Energy Services Program and a Business Energy Services Program ("2008 Annual Plan").

The Board opened Docket 7412 to consider GMP's proposal. After notice to parties in Dockets 7213 and 7175/7176, the Board conducted a workshop on January 24, 2008. On February 8, 2008, GMP filed responses to questions raised by Board staff at the January 24 workshop. On the same date, the Department of Public Service ("Department") filed a letter recommending that the Board approve GMP's 2008 Annual Plan. On March 14, 2008, the Board approved GMP's 2008 Annual Plan and required that GMP and the Department jointly file a plan and budget for the verification process.

On September 11, 2008, GMP filed the Evaluation and Verification Plan ("E&V Plan") and associated budget for the five-year duration of the programs to be implemented under the Efficiency Fund. On November 10, 2008, the Board circulated a memorandum to the parties to Docket 7213 requesting comments on GMP's proposed E&V Plan for the programs under the GMP Efficiency Fund. The memorandum was also circulated to all persons on the Board's Energy Efficiency Utility ("EEU") E-mail Service List to provide an opportunity for comment on two aspects of the proposed E&V Plan: (1) funding a portion of the evaluation budget with

monies from the statewide EEU budget; and (2) using the EEU fiscal agent's services for the monies associated with the evaluation of GMP's Efficiency Fund programs. On November 24, 2008, the Department and GMP each filed letters in support of the E&V Plan.¹ No other parties responded to the memorandum.

This Order approves the E&V Plan.

II. FINDINGS

1. The Department and GMP are proposing a total budget of \$351,000 to implement the E&V Plan over the five-year program implementation period. The GMP Efficiency Fund would provide \$245,000 and the remaining \$106,000 would be funded from the statewide EEU evaluation budgets. E&V Plan at 2.

2. Under the E&V Plan, the Department will monitor the allocation of evaluation costs between the statewide EEU and the GMP Efficiency Fund with assistance from the EEU Contract Administrator. E&V Plan at 4.

3. The E&V plan provides for the verification of annual energy, demand, and Total Resource Benefit claims provided by GMP for residential and business sector programs. E&V Plan at 5.

4. The E&V Plan provides that GMP is to collect necessary data for making informed decisions on whether the residential sector programs and initiatives should be modified, expanded, halted, or otherwise altered over time. E&V Plan at 5.

5. The verification process will evaluate the effects of ramping up efficiency funding in GMP's service territory on overall savings impacts and program delivery, as well as on previously established programs. E&V Plan at 5.

6. GMP plans to assess the overall effectiveness and viability of delivering the GMP Efficiency Fund services via the "mutual fund" model, approved preliminarily for one year as part of the 2008 Annual Plan, for the five-year program period. E&V Plan at 5.

7. GMP intends to maintain a high standard for credibility and transparency in savings estimates and program recommendations. E&V Plan at 5.

1. We hereby admit the letters into evidence as Exh. DPS-1 and Exh. GMP-1.

8. GMP's portion of the evaluation budget equates to approximately 3.3% of projected Efficiency Fund expenditures for the five-year program. The overall evaluation budget is equivalent to approximately 4.7 percent of the total projected funding of \$7.4 million over the five-year period. E&V Plan at 6.

9. The portion of the budget provided by the statewide EEU funds will contribute to shared costs associated with evaluating the *Blue Line* power-use monitors,² schools initiatives, and in-home retrofit programs. This amount is reasonable given the potential for results to inform statewide program design and implementation efforts. E&V Plan at 6; exh. DPS-1 at 2.

10. Verification activities will occur annually throughout the five-year program implementation period and will be integrated with the overall EEU savings review conducted annually by the Department's independent contractors. E&V Plan at 6.

11. The analysis for both residential and commercial programs will be completed by July of each year. E&V Plan at 7.

12. GMP will deposit an amount equivalent to the estimated Year One and Two evaluation budgets with the statewide EEU fiscal agent by September 30, 2008. For future years, a deposit in an amount equivalent to the estimated evaluation budget will likewise be provided. Therefore, the deposit for services anticipated during the calendar year 2010 will occur on or before September 30, 2009. E&V Plan at 8.

III. DISCUSSION

We have determined that the proposed E&V Plan is appropriate to evaluate the results of the Residential and Business Energy Services Program to be funded by the Efficiency Fund and that the budget to do so is reasonable.

We also find that GMP's proposal to fund a portion of the evaluation budget out of the statewide EEU budget is appropriate. The Department has indicated its support and stated that the five-year investment in the Efficiency Fund programs "has significant potential to inform statewide program design and implementation efforts, especially with regards to *Blue Line*

2. *Blue Line* real-time end-use monitoring devices enable residential customers to measure how much electricity each home product or appliance consumes.

power-use monitors, the schools initiatives, and in-home retrofit programs."³ The Department also stated that the results of the evaluation could be used to determine whether it would be appropriate to expand the initiatives into other areas of the state.⁴ We are persuaded that the results of the evaluation could lead to statewide benefits; therefore, it is appropriate to fund a portion of the Efficiency Fund evaluation with statewide EEU funds.

The Board will direct the EEU fiscal agent to provide its services for GMP's Efficiency Fund evaluation budget and to separately track all monies spent for this purpose. The Board will also direct the EEU fiscal agent to track its incremental costs associated with administering the GMP Efficiency Fund evaluation budget to the extent practicable. We adopt the Department's recommendation that these costs, along with costs incurred by the EEU contract administrator associated with the evaluation efforts, be funded by the GMP Efficiency Fund.⁵

IV. CONCLUSION

For the foregoing reasons, we approve GMP's Efficiency Fund E&V Plan and the associated budget.

V. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. Green Mountain Power Corporation's Efficiency Fund Evaluation and Verification Plan is approved. Green Mountain Power Corporation shall deposit funds for the Year One and Two evaluation budgets with the Energy Efficiency Utility fiscal agent within thirty days of the date of this Order, if it has not already done so.

2. The five-year budget to implement the Efficiency Fund Evaluation and Verification Plan shall be \$351,000, including \$106,000 from the statewide Energy Efficiency Utility budget.

3. Exh. DPS-1 at 2.

4. *Id.*

5. *Id.*

3. The incremental costs associated with the implementation of Green Mountain Power Corporation's Efficiency Fund Evaluation and Verification Plan incurred by the Energy Efficiency Utility fiscal agent and contract administrator shall be funded by Green Mountain Power Corporation's Efficiency Fund to the extent that these incremental costs can be readily determined.

4. The Department of Public Service shall file the results of the evaluation activities by July of each year in accordance with the Efficiency Fund Evaluation and Verification Plan.

5. This docket shall be closed.

Dated at Montpelier, Vermont, this 29th day of December, 2008.

s/James Volz)

) PUBLIC SERVICE

s/David Coen)

) BOARD

s/John D. Burke)

) OF VERMONT

OFFICE OF THE CLERK

FILED: December 29, 2008

ATTEST: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.